

January 2025

Revenue Legislation Amendment Bill 2024

AMA Queensland thanks the State Development, Infrastructure and Works Committee (the Committee) for the opportunity to provide input to its inquiry into the Revenue Legislation Amendment Bill 2024 (the Bill). Various matters relevant to the Bill are set out below for the Committee's consideration.

General practice

At the outset, we acknowledge and thank the government for introducing the Bill. The proposed reforms will bring much-needed relief and comfort to the general practice sector after several years of uncertainty and fears about crippling retrospective tax bills.

Most general practitioners (GPs) who are college fellows (i.e. have completed their training) operate as independent contractors under service agreements with relevant medical practices. Until the New South Wales tribunal ruling in *Thomas and Naaz*,¹ medical practices operated on the understanding that these doctors were not subject to the provisions in the *Payroll Tax Act 1971* (Qld) (the Act).

In addition to these doctors, AMA Queensland estimates approximately 1200 GP registrars (doctors training to become GP fellows) are employed on employment contracts direct with a medical practice. Exempting all GP and GP registrar wages for general practices will significantly reduce the current administrative burden on these businesses and help ensure future training pipelines. Given the profession is experiencing a steady decline in medical graduates choosing general practice as a career, this reform is timely and we commend the government for its inclusion.

Non-GP specialists

The above said, it has been and remains AMA Queensland's position that the proposed amendments and existing amnesty arrangements must also be extended to all medical businesses. The issuing of five-year retrospective liability plus penalty notices to general practices has sent shock waves through the entire medical profession. This includes non-GP specialists who now also fear for the viability of their businesses should their contractor structures be captured by payroll tax laws.

Exempting all medical businesses would also bring consistency across the non-GP specialist medical sector since all public and most private hospitals are exempt from payroll tax under Section 14 of the Act. AMA Queensland also understands the Queensland Revenue Office (QRO) has similarly not historically collected payroll tax revenue from these practices, meaning any such exemption would be cost neutral.

While we understand that existing exemption provisions under Section 13B(2)(b)(iv) (concerning contractors who ordinarily perform 'services of that kind to the public generally') likely exempt private specialists who work in either public or private hospitals, this is poorly understood by the sector. At a minimum, the government must provide more information to non-GP specialist practices about

¹ *Thomas and Naaz Pty Ltd v Chief Commissioner of State Revenue* [2021] NSWCATAD 259.

existing exemptions in the Act and how these businesses can determine if those provisions apply to their individual circumstances. This should include a simple, clear and efficient means by which practices can apply to the QRO for confirmation they fall within the relevant exemption.

Bulk billing

AMA Queensland members, medical practices and their professional advisors have urged that the exemption promised to the sector not be tied to any requirements for bulk billing as has been proposed in other jurisdictions.

Rates of bulk billing have been steadily declining for some time due to a near-decade freeze of Medicare Benefit Schedule (MBS) rebates. This has led to mixed billing arrangements in most general practices with patient gap fees nearly double the base MBS rate for standard consultation items now common. Gap fees are even larger for patients visiting non-GP specialists.

Modelling undertaken by accountants overwhelmingly suggests that if the Queensland Government were to tie a payroll tax exemption to bulk billing, practices would be forced to increase patient fees to cover the tax imposition. They would not cease mixed billing as the revenue lost would significantly exceed the tax imposed.

This would also likely make general practice in particular even less attractive to medical graduates as a career at a time when the profession is having significant difficulty filling GP registrar training positions. We reiterate that any exemption must not be tied to bulk billing if its policy intent is to improve patient access.

Amnesty

AMA Queensland welcomed the announcement by the previous government of an amnesty for general practices to protect them from five-year retrospective liability and give them time to adjust their business structures in compliance with the judgement in *Thomas and Naaz* and the QRO's associated public ruling.

Given the proposed exemptions set out in the Bill, AMA Queensland asks the government to provide updated and clear communications about the amnesty's ongoing requirements, particularly confirmation that businesses are no longer required to comply with the disclosure obligations (as set out in the [QRO Commissioner's Guidelines for Administration](#)). Practices have reported that these are costly and time consuming and removal of this requirement would be universally welcomed.

In addition, AMA Queensland submits that non-GP specialists must also be given the benefit of the amnesty provided to general practices so they are afforded protection from retrospective liability. We again reiterate our call for all medical businesses to be included in the proposed legislative exemption, however, in lieu of that much-needed assurance, non-GP specialists must be at least afforded the benefit of the amnesty (and without the disclosure obligations) to make appropriate adjustments to their business structures to align with the new interpretation of the law and the QRO's relevant public ruling.